



**Written Testimony Submitted to the United States House of Representatives  
House Ways and Means Health Subcommittee  
1100 Longworth House Office Building  
May 9, 2012 Hearing on the Medicare Durable Medical Equipment Competitive Bidding Program**

**On Behalf of Smith & Nephew, Inc.  
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Chairman Herger, Ranking Member Stark and Members of the Subcommittee, on behalf of Smith & Nephew, Inc., I would like to thank you for holding this important hearing on Medicare's Durable Medical Equipment competitive bidding program.

Smith & Nephew is a global medical technology business dedicated to helping improve people's lives. With leadership positions in Orthopedic Reconstruction, Advanced Wound Management, Sports Medicine, Trauma and Clinical Therapies, the Company has almost 11,000 employees and a presence in more than 90 countries, including more than 4,000 employees in the United States. Annual sales in 2011 were nearly \$4.3 billion.

Smith & Nephew's Advanced Wound Management division makes a wide range of products designed to help the healing process and improve patient quality of life. These include advanced films, foams and polymeric gels that create a moist environment that encourages healing, and antimicrobial dressings and ointments for treating and preventing wound infection. Potential benefits to patients include fewer reapplications of dressings, less discomfort and pain, faster healing and reduced risk of complications. Treatment is clinically effective, less time-consuming and contributes to improved outcomes, and is therefore more cost-effective.

Each year, Smith & Nephew trains thousands of healthcare professionals, offering programs and seminars from classroom to bedside. Smith & Nephew's research and development team is committed to helping people regain their lives and continues to advance wound care solutions that help reduce the human and economic costs of wounds.

Some of these products, in particular negative pressure wound therapy (NPWT), are paid for by Medicare as durable medical equipment (DME). NPWT is one of the DME categories under Round 2 of the competitive bidding program.

The benefits of NPWT are the result of multiple mechanisms of action. When the therapy is applied, a pressure gradient is created and results in physical forces being applied to the wound, removal of edema, improved blood flow, and removal of bacteria and wound fluid. The combination of these mechanisms stimulates the generation of new tissue and promotes wound healing. NPWT is a vital tool for doctors and wound care specialists. Multiple clinical studies provide the evidence that NPWT helps patients heal faster with a reduced risk of infections and complications.

Our testimony before the Subcommittee today focuses on two issues. First, we wish to express our strong support for the concept of the DME competitive bidding program as a tool to encourage market-based reimbursement while ensuring Medicare patient access to home medical equipment from an ample network of qualified suppliers. In particular, we have some comments related to the Market Pricing Program (MPP), which has the support of the American Association of Homecare, multiple economists and auction experts from around the world.

We understand that Subcommittee has heard multiple stakeholders describe the various bidding methodologies, but we believe the MPP more appropriately and transparently arrives at competitive bids and ensures only legitimate suppliers participate.

I will not restate the details that the Subcommittee already has received from other stakeholders; but as a company deeply impacted by the competitive bidding process, it is our experience that Medicare patients benefit only when qualified bidders provide products in a financially sustainable bidding program. We firmly believe that the MPP proposal developed by the independent auction experts should receive serious consideration by both Congress and the Centers for Medicare and Medicaid Services (CMS).

Second, we commend CMS for the agency's interpretive guidelines for CMS-approved accrediting organizations. These entities will use the guidelines in accrediting suppliers that provide NPWT equipment to Medicare beneficiaries. The guidelines provide important patient safety protections, including specifications for suppliers to coordinate with the prescribing physician to confirm orders, ensure equipment delivery with home health care providers, and perform all needed quality checks on the various NPWT components. These final interpretive guidelines are a culmination of discussions among NPWT manufacturers, industry associations, and CMS. We applaud CMS's leadership in bringing this process to a close.

In addition, CMS has provided assurances that the agency will track patient access to and outcomes from NPWT, in both competitive bidding and non-competitive bidding areas, to enable the agency to assess the effectiveness of the program following implementation. We believe this will allow stakeholders to assess whether modifications are needed due to Medicare patient access concerns. We appreciate CMS's commitment to monitoring the impact of the program.

## **Conclusion**

Smith & Nephew, Inc., is confident that the competitive bidding process can be successfully implemented on a broad scale, and we urge the Subcommittee to seriously consider MPP as a means to establish market-based prices around the country. We believe that an appropriate bidding methodology and strong guidelines for accrediting organizations will ensure that only qualified NPWT suppliers win bids. This will achieve Medicare cost savings while ensuring appropriate access to care for Medicare beneficiaries.

We appreciate the work of the Subcommittee and the efforts of CMS to implement a program that lowers costs, maintains access to DME products for Medicare beneficiaries, and uses bidding methods attracting only legitimate suppliers. We look forward to working with this Subcommittee and all Members of Congress as the Medicare competitive bidding program is further implemented.

## **Questions? Please contact:**

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